

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:
City of Detroit, Michigan,
Debtor.

Chapter 9
Case No. 13-53846
Hon. Steven W. Rhodes

Order Appointing Expert Witness

1. Under Fed. R. Evid. 706(a), Martha E. M. Kopacz of Phoenix Management Services, Boston MA, is hereby appointed as the Court's expert witness.¹
2. The Court's expert witness shall investigate and reach a conclusion on:
 - (a) Whether the City's plan is feasible as required by 11 U.S.C. § 943(b)(7); and
 - (b) Whether the assumptions that underlie the City's cash flow projections and forecasts regarding its revenues, expenses and plan payments are reasonable.
3. Unless the Court orders otherwise, the matters in paragraph 2 above are the only matters that the Court's expert witness is authorized to investigate, reach a conclusion on, or testify about.
4. All interested parties and their professionals shall fully and promptly cooperate with the Court's expert witness and shall promptly comply with any requests for information made by the witness.
5. The Court's expert witness shall have no *ex parte* communications with the Court, except that the witness may submit a written request to the Court for assistance as needed in carrying out her responsibilities, or for guidance. Such a request shall be submitted to the Court as an attachment to an email sent to christine_sikula@mieb.uscourts.gov. Upon receipt of such a request, the Court will arrange for its filing on the docket of the case and will promptly determine the appropriate process to address the matter.
6. By the deadline for the parties' expert witnesses to serve their reports on other parties, the Court's expert witness shall serve her report (in such manner as may be agreed by the parties or directed by the Court), along with copies of any document cited in the report or otherwise considered by the witness in preparing the report, excluding documents previously produced in discovery among the parties and publicly-available professional literature. (Currently, this deadline is June 24, 2014.)

¹ The resume of Ms. Kopacz is attached to this order.

7. After filing the report required by paragraph 6 above, but by the deadline for other expert depositions, the Court's expert witness shall be available for a consolidated deposition by any interested parties. (Currently, this deadline is July 15, 2014.)
8. The report of the Court's expert witness shall be admitted as evidence at the hearing on confirmation of the City's plan only as provided by the Federal Rules of Evidence, unless otherwise agreed by the parties or ordered by the Court.
9. The Court's expert witness shall be available to testify in person at the hearing on confirmation of the City's plan without the need for subpoena or other process, at such time as may be agreed by the parties or ordered by the Court. (Currently, the confirmation hearing is scheduled to commence on July 24, 2014.)
10. Until the conclusion of her responsibilities under this order, the Court's expert witness shall not accept any retention or engagement that might result in a conflict of interest in this case.
11. The Court's expert witness shall file an interim fee and expense application on a monthly basis during the course of this appointment, with contemporaneous time records attached to the application. These applications shall be filed within 14 days after the close of the each calendar month.
12. The City shall promptly pay the expert witness's fees and expenses as approved by the Court.
13. The Court's appointment of the expert witness shall not be deemed to preclude *Daubert* or other challenges under the Federal Rules of Evidence to the admissibility of all or any of the expert witness's opinions at the hearing on confirmation of the City's plan.
14. The Court's expert witness shall maintain a contemporaneous log of all contacts relating to this case, whether initiated by the witness to others or by others to the witness. This log shall disclose for each such contact the date, time, means and subject matter of the contact and shall be attached to her report.
15. Except as set forth herein or otherwise ordered by the Court, the Court's expert witness shall treat her investigations and work product as confidential until the conclusion of her testimony at the confirmation hearing.

Signed on April 22, 2014

/s/ Steven Rhodes
Steven Rhodes
United States Bankruptcy Judge

Marti Kopacz, CMA, CIRA

Martha (Marti) E. M. Kopacz

Senior Managing Director

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Ms. Kopacz has over 30 years' experience assisting stakeholders in analyzing business operations and reorganization possibilities. She has led or participated in over 100 consulting and restructuring engagements representing companies, debtors, investors, creditor committees, banks and Chapter 11 Trustees. Ms. Kopacz has advised in a broad range of industries including not for profit and public sector, retail, leisure and entertainment, technology and professional services. She was one of the first financial advisors to apply turnaround principles to public sector and not for profit organizations. She has served as an Interim President, Chief Restructuring Officer, Chapter 11 Trustee, Collateral Trustee, and Examiner.

General Experience

Ms. Kopacz has prepared dozens of financial projections for clients and reviewed and critiqued dozens more, prepared by others. She has previously testified as to the appropriateness of forecasting methodology, the assumptions upon which forecasts are based and the likelihood of an organization to meet its forecast. She has a deep understanding of the importance of developing assumptions based upon a thorough analysis of relevant data, including historical and prospective information as well as third party, independent information. Ms. Kopacz understands the nuanced area of municipal budgeting. Because municipal entities lack a "standard" in budgeting, forecasting and accounting, great variations occur in the manner in which public entities report financial results and develop forecasts. As such, preparing and evaluating projections for municipalities requires strong business acumen and deep appreciation for the challenges inherent in the forecasting methodology and limitations presented by available information.

Marti Kopacz, CMA, CIRA (cont.)

Relevant Engagements

Ms. Kopacz advised the **Nassau County Interim Finance Authority (NIFA)**, a New York state control board, in their oversight role. In early 2011, NIFA imposed a control period for Nassau County based on a substantial budget deficit. Nassau County has experienced financial difficulties for over a decade despite an annual budget that approaches \$3 billion. The structural deficit for 2012 was estimated at \$300 million. Ms. Kopacz advised NIFA on the financial requirements underpinning the control period, the nature and size of the likely budget deficit and the reasonableness of the County's forecasts. In addition, Ms. Kopacz and her team conducted an in depth review of the business operations of the County and developed over \$300 million of suggested cost reductions and operational improvements, which if implemented would restore Nassau County to a balanced budget in the next few years.

Ms. Kopacz served as Financial Advisor in a multi-party representation of seven of the country's largest **Municipal Transit Authorities** in an out-of-court renegotiation of their advertising contracts with a New York based outdoor media company. She advised her transit authority clients on the viability of the company's business plan and played an active role in the advertising contract negotiations with the company. Ms. Kopacz represented her clients in the restructuring of more than \$200 million of senior and junior debt with the bank group and private equity sponsor.

Serving in the capacity of the Chief Restructuring Officer and Interim President, Ms. Kopacz designed, led and executed the out-of-court restructuring of the **Legal Aid Society**. At the time, the Society was a 135 year old charity with approximately \$150 million in revenue serving the legal needs of the needy in New York City, funded largely by the State of New York and New York City. Accomplishments included: reducing a \$20 million operating deficit to better than break even; negotiating workforce reductions, compensation and benefit modifications with the UAW (lawyers' union) and the SEIU 1199 (social workers and paralegals' union) representing approximately three-fourths of the Society's 1400 employees; restructuring pension obligations; consolidating real estate, third party suppliers and infrastructure; and restructuring over \$65 million of balance sheet and long term obligations with dozens of creditors and stakeholders, all of which returned the organization to solvency. In addition, Ms. Kopacz led the Society's first ever Strategic Business Planning effort, managed day-to-day operations in conjunction with the Attorney-in-Chief, and received the Society's Pro Bono service awards for 2004 and 2005.



Marti Kopacz, CMA, CIRA (cont.)

Relevant Engagements (cont.)

Ms. Kopacz represented **The Educational Resources Institute, Inc. (TERI)**, a large not for profit organization providing college access to underprivileged and underserved populations. TERI's for profit subsidiary was the largest guarantor of private student loans in the country when the securitization market for student loans evaporated. The extensively negotiated plan of reorganization preserved the not for profit mission and return collateral to the original lenders.

Prior Experience

Prior to joining Phoenix Management, Ms. Kopacz founded Brant Point Advisors, a boutique advisory firm. Previously, Ms. Kopacz co-founded and co-lead the U.S. Corporate Advisory and Restructuring Services practice at Grant Thornton LLP and lead the group's public sector initiatives. Earlier in her career she was a Managing Director with Alvarez & Marsal, focused on public sector and not for profit clients, and a Principal with PricewaterhouseCoopers LLP until the practice was sold to FTI Consulting, as which time she was a Senior Managing Director.

Education & Certifications

Masters of Business Administration in Finance and Investments – Kelley School of Business – Indiana University

Bachelor of Science in Marketing – Kelley School of Business - Indiana University

Certified Management Accountant

Certified Insolvency and Restructuring Advisor

Affiliations

American College of Bankruptcy – Fellow – Twelfth Class

Turnaround Management Association

American Bankruptcy Institute

International Women's Insolvency and Restructuring Confederation

Association of Insolvency and Restructuring Advisors and the Institute of Management Accountants.



Marti Kopacz, CMA, CIRA (cont.)



Civic Engagement

Boston 2024 Organizing Committee – Board Member

Legal Aid Society of New York – Board of Advisors

Kelley School of Business - Indiana University – Dean's Council

Graduate School of Business, Sunkyunkwan University – Dean's Council

Inly School – former Board of Trustees

Speaking Engagements and Publications

“Municipal Insolvency and Bankruptcy Part 1: Introduction, Overview and Key Issues” – Rhode Island Bar Association Annual Meeting, June 2012

“Municipal Bankruptcy” – Association of Insolvency and Restructuring Advisors Webinar, February 2012

“The Municipal Restructuring under Chapter 9: Legitimate Option or Scare Tactic?” – American Bankruptcy Institute Winter Leadership Conference, La Quinta, CA, December 2011

“Municipal Insolvencies: Is This the Next Wave?” – Turnaround Management Association Northeast Chapter, Boston, MA, November 2011

“Leadership and Political Will – Fixing States’ and Cities’ Fiscal Woes” – Heyman Center Series: America’s Fiscal Crisis – Depression, Recession or Recovery, Cardozo School of Law, New York, New York, October 2011

“Today’s Problems in Municipal Finance – Should Chapter 9 be Extended to States?” – Commercial Finance Association Advocacy Conference, Washington, DC, September 2011



Marti Kopacz, CMA, CIRA (cont.)



Speaking Engagements and Publications (cont.)

“Turnaround “Apps” for the Public Sector” – Grant Thornton white paper, July 2011

“Chapter 9 Update” – American Bankruptcy Institute Northeast Conference, Newport, RI, July 2011

“Turnarounds in the Public Sector” – Kellogg Turnaround Management Conference, Chicago, IL, May 2011

“Too Big to Fail or Too Big to Bail (Out): a Discussion of the Pros and Cons of Bankruptcy for States” – Grant Thornton white paper, March 2011

“That was Then, This is Now: Financing Your Business in the Current Environment” – Proskauer Grant Thornton Seminar, New York, New York, October 2010

“Navigating Your Portfolio Through Turbulent Waters - Facing The Reality of Being Over Leveraged - And Practical Strategies for Restructuring in Zero Gravity” – Association for Corporate Growth Intergrowth Conference, Miami, May 2010

“Who Has \$\$ and What Are They Buying?” – Caribbean Insolvency Symposium, Grand Cayman, CI, February 2009

“Gaining Support from All of Your Constituencies” – American Bankruptcy Institute Northeast Conference, Brewster, MA, July 2008

Previous Dates – Guest Lecturer at Harvard Business School, Massachusetts Institute of Technology, Bentley College, Northeastern University, Pennsylvania State University and Indiana University concerning various corporate recovery topics. Panelist or Moderator at industry conferences hosted by Turnaround Management Association, American Bankruptcy Institute, Massachusetts Continuing Legal Education, National Credit Managers Association, Food Manufacturers Association, Barclays Bank, among others.

